

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:4933
ANSWERED ON:28.04.2008
COMMITTEE ON HANDLOOM SECTOR
Owaisi Shri Asaduddin

Will the Minister of TEXTILES be pleased to state:

- (a) whether the Government has constituted any committee/panel to examine the financial problem of the Handloom Sector;
- (b) if so, the details thereof;
- (c) whether the said Committee panel has given its report;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGO VAN)

(a) and (b): A High level committee headed by Managing Director, National Bank for Agriculture and Rural Development (NABARD) was formed to look into the problems of high cost of working capital and choking of credit lines in the handloom sector and to work out detailed strategies and an implementable action plan for this purpose. The committee consisted of representatives of Indian Banks Association, Reserve Bank of India, National Institute of Fashion Technology, Secretary (Handlooms) of major handloom States and representative of National Association of State Cooperative Banks (NAFSCOB).

(c) and (d): The report submitted by the High level Committee gave following recommendations for seeking financial package for Handloom Sector:

- i. Restructuring/Categorization of Primary Handloom Weavers Cooperative Societies (PHWCSs) as viable, potentially viable and non-viable units.
- ii. Cleansing of the balance sheet of Apex and Primary Weavers Cooperative Societies (viable and potentially viable) with adequate fund support from Government.
- iii. Organization of weavers outside the cooperative fold/members of non-viable/defunct PWCSs/ Weavers in areas of weak cooperative structure into Handloom Weavers Group (HWGs) in handloom clusters adopting the concept of Joint Liability Group.
- iv. Waiver of overdue interest and overdue loans of Weavers/PWCSs/Apex Societies as on 31st March, 2006.
- v. Financing the credit needs of handloom weavers/ societies at 7% rate of interest with interest subvention to NABARD and banks from Government of India.
- vi. Establishment of a "Handloom Development and Equity Fund (HDEF)" in NABARD for providing equity, promotional and development support to agencies connected with the handloom sector. Government of India may provide an initial contribution of Rs.50.00 crore. NABARD may make initial contribution of Rs.10 crores and annual contributions as decided by the Board of Directors. Other banks and State Governments would also be requested to contribute to the fund later.
- vii. An MOU to be signed by the major stake holders, viz, Government of India, State Government and NABARD.

The total financial package as recommended by the Committee is estimated to cost Rs.1295 crores. Out of this, the Central Governments' share will be Rs. 1155 crores, while State Government' contribution will be Rs.130 crore, and NABARD's contribution will be Rs. 10 crores.

(e): Does not arise.